

EXHIBIT 8
DATE 2/18/09
HB 423

HB
SB 423

**Calculation of the Annual Rental Payment
for a Non-Productive Oil Lease**

1. Assume three adjacent wells producing 26 barrels per day (State average, 2008).
2. Assume price of oil is \$40.00 per barrel.
3. Assume state lease royalty rate equals 16.66%.

Annual Rental Calculation

| | |
|------------------|------------------------|
| 78 | bpd |
| <u>x \$40.00</u> | Oil price |
| \$3,120 | Gross value of product |
| <u>x .1666</u> | State royalty rate |
| \$519.79 | Royalty per day |
| <u>x 365</u> | Days per year |
| <u>\$189,724</u> | Annual Rental Payment |